



FACT SHEET

U.S.-Peru Trade Promotion Agreement New Jersey Farmers Will Benefit

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The U.S.-Peru Trade Promotion Agreement (PTPA) provides increased market access to New Jersey's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Peruvian market. With immediate elimination of duties on nearly 90 percent of current U.S. trade to Peru, the PTPA will provide New Jersey producers and exporters the opportunity not only to preserve but to increase market share in Peru. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement stating that the agreement would benefit all U.S. agricultural sectors and allow the United States to become a competitive supplier of agricultural products to Peru.

Exports of farm products boost New Jersey's farm prices and income. Such exports support about 2,600 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$219 million and made an important contribution to New Jersey's farm cash receipts in 2006 that totaled \$924 million.

Fruits and Preparations. Providing the largest source of state agricultural exports (valued at \$24.2 million), New Jersey's fruit producers and processors benefit from the PTPA.

- Peru's current duties on fruit are 25 percent, and under World Trade Organization (WTO) rules, Peru could raise these duties to as high as 30 percent.
- With farm cash receipts totaling \$51 million, New Jersey's apple and peach producers benefit from immediate duty elimination by Peru.
- With farm cash receipts from blueberries and cranberries ranking third and eighth in the state, New Jersey's blueberry and cranberry producers benefit from Peru's immediate duty elimination on fresh and frozen blueberries and cranberries.
- *The U.S. Apple Association and the Grocery Manufacturers Association publicly support the PTPA.*

Soybeans and products. As the state's second largest crop in terms of acreage and providing over \$15 million in farm cash receipts, New Jersey soybean producers and processors benefit from the PTPA.

- Peru will immediately eliminate duties, currently ranging from four to twelve percent (30 percent allowed by the WTO) on soybeans, soybean meal, and crude soybean oil.
- Peru will provide duty-free access for refined soybean oil by establishing a 7,000-ton, duty-free tariff-rate quota (TRQ) that will grow five percent compounded annually. Peru will phase out the over-quota tariff over ten years.
- *The American Soybean Association, the National Oilseed Processors Association, the American Feed Industry Association, and the Pet Food Institute publicly support the PTPA.*

Corn. As the state's third largest crop in terms of acreage and providing over \$14 million in farm cash receipts, New Jersey corn producers benefit from the PTPA.

- Under the PTPA, Peru will immediately eliminate its system of variable levies (price bands) facing U.S. exporters. Under the system, tariffs can be as high as the WTO ceiling of 68 percent on some corn products.
- Peru will provide immediate duty-free access by establishing a 500,000-ton TRQ that grows six percent compounded annually. Peru will phase out the over-quota tariff over 12 years.
- All currently applied duties on crude corn oil will be phased out over three years; on high fructose corn syrup over five years; and on white corn and other corn products within ten years.
- *The Corn Refiners Association, the National Corn Growers Association, the National Grain and Feed Association, the National Grains Trade Council, the North American Export Grain Association, the North American Millers' Association, the American Feed Industry Association, and the Pet Food Institute publicly support the PTPA.*

Dairy. Providing the fifth largest source of farm cash receipts, New Jersey dairy producers benefit from the PTPA.

- Under the PTPA, Peru will immediately eliminate its system of variable levies (price bands) facing U.S. exporters. Under the system, tariffs can be as high as the WTO ceiling of 68 percent on some dairy products.
- Peru will immediately eliminate tariffs on whey.
- Both Peru and the United States will establish duty-free TRQs for certain dairy products totaling 10,000 tons.
- TRQs will grow by ten percent compounded annually, with certain dairy products subject to safeguards during the tariff phase-out period.
- All Peruvian duties on dairy products will be eliminated within 17 years, with duties on some dairy products eliminated earlier.
- *The National Milk Producers Federation, the U.S. Dairy Export Council, the Grocery Manufacturers of America, the International Dairy Foods Association, and the Food Products Association publicly support the PTPA.*